

PROFILE OF THE CITY OF WILMINGTON



Wilmington, incorporated in 1739, is located approximately at the midpoint of the eastern seaboard of the United States, in the southeastern coastal section of North Carolina. The City is an active business, service and industrial center for the surrounding five-county area with a population of more than 478,000 people area-wide. Numerous State and Federal agencies have regional offices in the area and the City serves as the financial, medical, legal, communications and transportation center for the southeastern part of the State. With a land area of approximately 52.9 square miles, the City is on the Cape Fear River approximately 30 miles from the Atlantic Ocean, the County seat of New Hanover County and home to the State's largest port. The City has a population of 111,773 people, making it the eighth largest city in North Carolina.



The City has a Council-Manager form of government. The Council is comprised of the Mayor and six Council members. The Mayor is elected at large every two years and the Council members are elected at large every four years with staggered terms. The Council is the legislative body of city government with the Mayor as a voting member and the presiding officer. The city manager is appointed by the Council and administers the daily operations of the City through appointed department heads.

The City provides the full range of services contemplated by statute. This includes police, fire, sanitation, streets, public improvements, planning and zoning and general administrative services. The City also operates parking facilities, a golf course, and provides solid waste and storm water management services. In addition, the Cape Fear Public Transportation Authority, a component unit, provides bus transit services within the City.

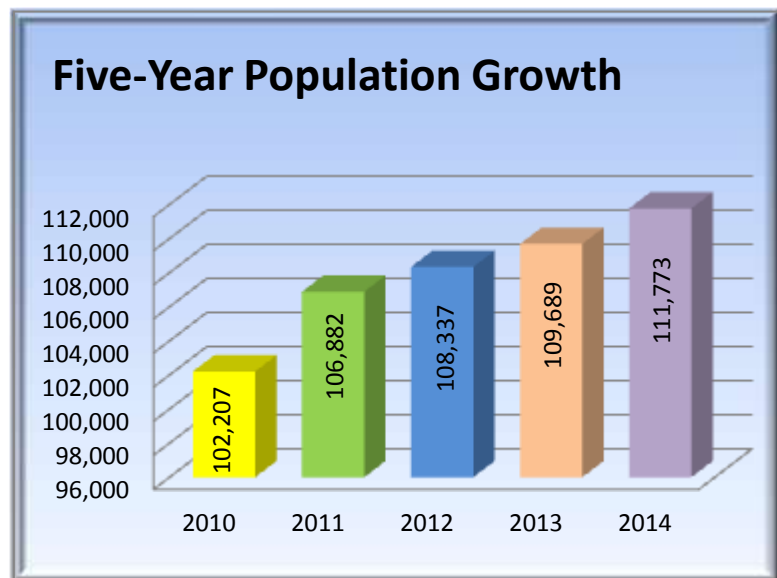
The City is empowered to levy a property tax on both real and personal properties located within its boundaries and New Hanover County is the only other unit that levies taxes within the City's corporate limits. The City is also empowered by State statute to extend its corporate limits by annexation, upon receipt of a valid petition signed by the owners of the real property located within the area.

The Annual Budget serves as the foundation of the City’s financial planning and control. The City’s strategic plan is revised as needed and priorities for the upcoming budget process are identified. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the fiscal year. The annual budget is prepared at a functional level (e.g. public safety) for all annually budgeted funds and certain multi-year funds. Department heads may make transfers of appropriations within a department. Transfers of appropriations between functions (e.g. public safety to transportation), however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund and enterprise fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For enterprise funds with appropriated annual budgets, this comparison is presented in the enterprise funds subsection of this report. Also included are budget-to-actual comparisons for each governmental fund and enterprise fund for which a project-length budget has been adopted (i.e., special revenue funds and capital projects funds).

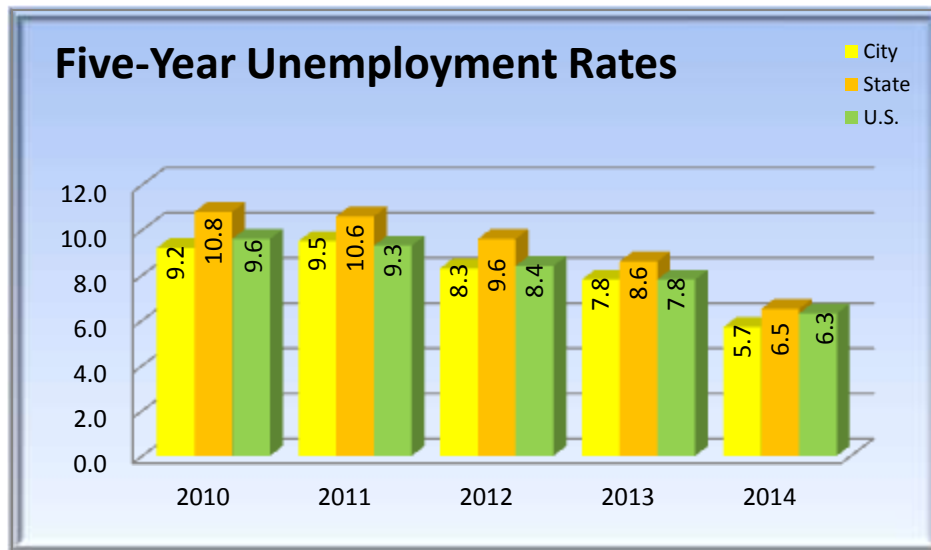
ECONOMIC CONDITIONS AND OUTLOOK

The City serves as the economic, cultural, and services hub for southeastern North Carolina. The historic attractions, mild climate, water related activities, and business opportunities have made the region one of the fastest growing areas of the nation. The Milken Institute/Greenstreet Real Estate Partners Best Performing Cities Index for 2013 ranks the Wilmington MSA 77th in the US and 4th in North Carolina in the largest metropolitan areas category for its ability to create and sustain jobs. Forbes magazine’s 16th annual ranking of Best Places for Business and Careers ranked Wilmington 60th out of the 200 largest metropolitan areas in the US. Wilmington earned the title of “Best American Riverfront” in USA TODAY’s “10 Best” contest for the nation’s best riverwalk in 2014. Moviemaker’s 2014 Edition of the Best Places to Live and Work ranked Wilmington 2nd of the top small cities. WalletHub’s 2014 most Educated Cities list ranked the Wilmington MSA 37th out of the top 150 MSA’s, “where the most educated Americans are choosing to settle”.

The City’s population has increased 46.5% since 2000. According to New Hanover County, total development exceeded \$383 million in fiscal year 2013-2014. The University of North Carolina at Wilmington’s Cameron School of Business hosted its annual event, “Outlook: Building Economic Clusters Conference” (previously known as the Economic Outlook Conference) in October 2014. The Conference focused on the economic vitality of Wilmington. Based on economic forecasts, the Wilmington area should expect economic growth of 3.0 percent during 2014 and 3.3% in 2015. This will be the 2nd year in a row that the local economy will likely grow at the same rate as the nation, which is expected to rise by 3.0 percent.



Wilmington's unemployment rate has consistently been less than state levels and very close to federal levels. This is in part due to the diversity of the local economy with professional services, trade, health care, the hospitality industry, telecommunications equipment, pharmaceuticals and construction.



No single industry or employer dominates the local economy. Major employers in the City with over 1,000 employees include New Hanover Health Network, New Hanover County Schools, General Electric Company, UNCW, Pharmaceutical Product Development Inc., New Hanover County, Verizon Wireless, Cape Fear Community College, and Corning.

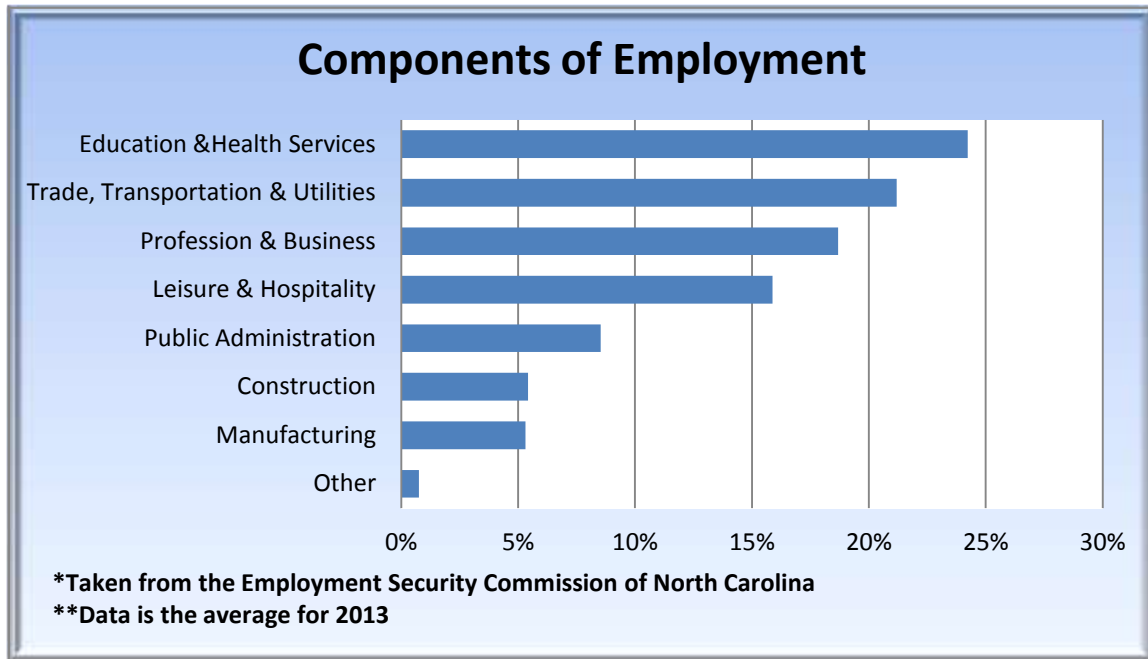
Top Ten Employers			Percentage of Total
Employer	Product/Service	Employees	Employment (1)
New Hanover Health Network*	Health Care	5,991	5.75%
New Hanover County Schools**	Education	3,645	3.50%
General Electric Nuclear Fuel/Aircraft***	Uranium Enrichment & Nuclear Fuel	2,195	2.11%
University of N. C. (Wilmington)*	Education	1,844	1.77%
New Hanover County**	Government	1,563	1.50%
Pharmaceutical Products Dev.*	Pharmaceuticals	1,464	1.41%
Verizon Wireless*	Telecommunications	1,216	1.17%
Cape Fear Community College*	Education	1,176	1.13%
Corning, Inc.*	Optical Fiber	1,000	0.96%
City of Wilmington *	Government	995	0.96%
Total		21,089	20.25%

Source: Wilmington Industrial Development

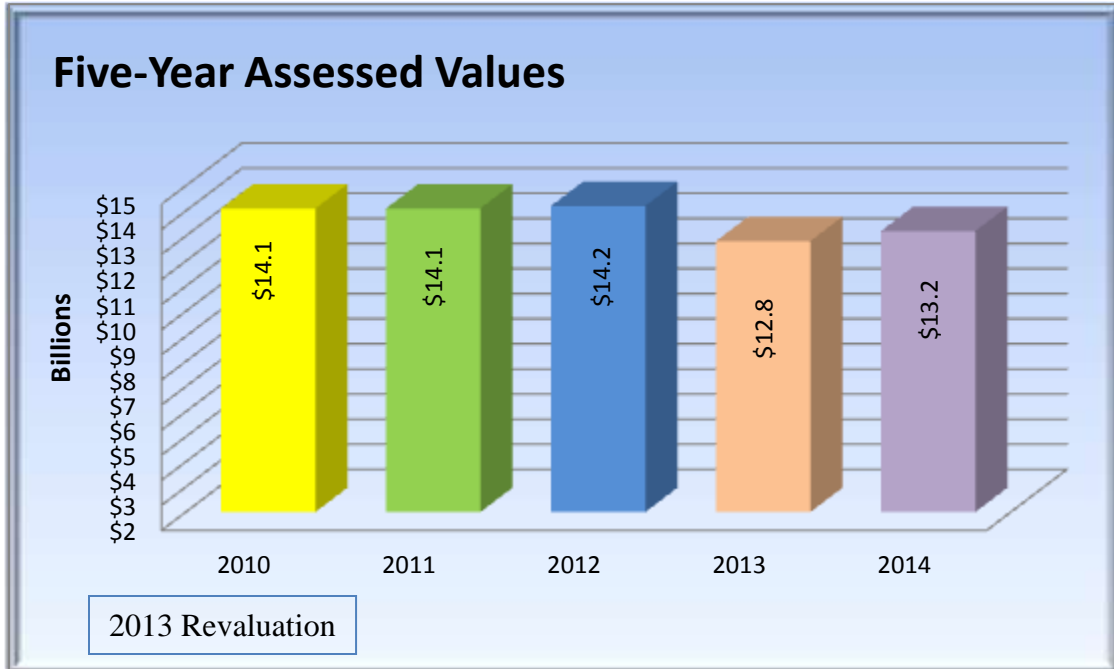
Notes:

- * Located within the City of Wilmington
- ** Located partially in City
- *** Located within New Hanover County

(1) Total employment numbers available from North Carolina Employment Security Commission only on a county basis.



Local industries are involved in a range of operations from simple assembly to manufacturing processes producing synthetic fibers, fiber optics, nuclear fuel and jet engine components. **Wilmington is home to the Global Headquarters of Pharmaceutical Product Development, Inc., General Electric Nuclear Fuel, Live Oak Bank and Guilford Mills, Inc.**



Manufacturing and Business Services

Corning Inc. operates an optical fiber plant in the City where ClearCurve® fiber cable and ClearCurve® multimode fiber are produced. In 2010, Corning announced the manufacture of Vascade EX2000 optical fiber, aimed for underwater use with links that use repeaters along coastlines or around island chains. Between March and May of 2013, Corning Inc., introduced a new SMF-28 Ultra Optical Fiber, a new Lotus XT Glass and announced the expansion of their Clean-Air Products Facilities. In June 2013, Corning's Pretium EDGE® Solutions was named the Datacentre Facility Product of the Year. In September 2013, Corning celebrated 40 Years of Clean-Air Technologies and also received the Intel Certification for its Thunderbolt Optical Cables.

General Electric's global headquarters for nuclear fuel is located in the County, outside of the City. Based in Wilmington, NC, **GE Hitachi Nuclear Energy (GEH)** is a global nuclear alliance created by GE and Hitachi to serve the global nuclear industry by offering world top quality services of nuclear power plant construction and maintenance. GEH specializes in uranium enrichment technology and is a world-leading provider of advanced reactors and nuclear services. In October 2013, GE Hitachi Nuclear announced the expectation to hire 100 instrumentation and control and electrical engineers through December 2014.

Global Nuclear Fuel Americas (GNF) operates a plant in Wilmington, NC where GNF manufactures light-water nuclear reactor fuel. GNF is powered by three giants; GE Energy, Toshiba and Hitachi. In May 2011, GNF received a \$300 million contract from a Baltimore-based nuclear energy utility company to supply nuclear fuel and licensing services for a nuclear station in central New York. GNF's North Carolina and Japanese facilities coordinated the development of fuel for GEH's ABWR reactor model which is the world's first and only Generation III reactor to enter commercial service. GNF is developing an innovative new fuel design that could easily be one of the most reliable in the world. GNF is celebrating its 10th anniversary and beginning its 2nd decade as a world-leading supplier of high-quality fabricated nuclear fuel and services.

GE Aviation is a global leader in jet engine and aircraft system production. In April 2012, GE Aviation was awarded a \$380 million contract to build GENx engines for nine Boeing 787s being purchased by Kenya Airways. Also in April 2012, GE Aviation received an order from Qantas for over \$2 billion to develop the rotating parts for the engines that will power 78 Airbus aircrafts to be delivered in 2016. In September 2013, Canada's WestJet Airlines ordered 65 next-generation Boeing 737 jets which utilize LEAP engines and is valued at \$1.7 billion. Parts for the LEAP engine are made locally. Also, in September 2013, Delta announced it had selected CFM engines to power 30 Airbus 321 jets, and the CFM engine uses parts that are made locally. In December 2013, Air Canada announced it was buying up to 109 Boeing's next-generation 737 aircraft to be delivered between 2017 and 2021. The LEAP engines are made locally. In September 2014, Ireland's Ryanair signed an agreement with Boeing Co. to buy up to 200 new 737 MAX 200 aircraft and the CFM engine uses parts that are made locally. At the Dubai Air Show in November 2013, GE Aviation received \$26 billion in jet engine orders and services agreements for wide-body Boeing aircraft from three leading airlines in the Middle East. Collectively, Emirates, Qatar Airways and Etihad Airways which use CFM and LEAP engines which are either manufactured or uses parts made locally. In July 2013, GE Aviation announced that it will invest \$195 million across its North Carolina operations through 2017. This investment across GE's North Carolina sites would create an additional 242 GE jobs by 2017. GE Aviation has more than 1,300 employees in North Carolina at sites in Durham, West Jefferson, Wilmington and Asheville.

In June 2014, **Castle Branch, Inc.**, already a major employer in Wilmington, had its grand opening following a \$12 million expansion of its global corporate headquarters in Wilmington. The new 60,000 square-foot facility adds to the existing 36,000 square-foot location making Castle Branch one of the largest corporate headquarters in New Hanover County. Castle Branch, founded in 1997 originally based in Chapel Hill, NC, provides background screening, drug testing, employment verification, vendor credentialing and other services to its growing global client base. The Company's current expansion aims to create 400 new jobs here by the end of 2017. Brett Martin, CEO and founder of Castle Branch, Inc., said that "support from WBD (Wilmington Business Development), the supportive government officials and the proximity to UNC Wilmington are all central factors in the company's selection of Wilmington over other national locations it had considered.

In November 2014, **Vertex Rail Technologies, LLC** announced that it will invest \$60 million to refit the former Terex Crane facility in Wilmington to manufacture technically advanced railroad tank cars. The plant will employ 1300 workers at an average salary of \$40,000. Vortex will spend the next few months refitting the building with the goal of making 1,400 cars in the first year of operation and ramping up to 4,500-5,000 cars a year. In the coming years, the facility is expected to help replace 70,000 obsolete rail cars as new federal specifications are required.

Research and Development

The world headquarters of Pharmaceutical Product Development, Inc. ("PPD") are located in the City's downtown area. PPD is a leading global contract research organization providing discovery, development and post-approval services as well as compound partnering programs for pharmaceutical, biotechnology, medical device, academic and government organizations. In August 2013, PPD announced that it had acquired Acurian, a leading full-service provider of clinical trial patient enrollment and retention solutions for the life sciences industry. PPD was named for the third consecutive year in 2013 to the *Information Week 500 List of Top Technology Innovators*. In 2013, PPD was ranked by clinical research sites globally as the number one company for reputation among all contract research organizations (CROs) in Center Watch's 2013 Global Investigative Site Relationship Survey. In addition, PPD and ePharmaSolutions won the 2013 Microsoft *Life Sciences Innovation Award* for their strategic alliance delivering integrated, portal-based collaboration tools to streamline clinical trial management and study start-up for biopharmaceutical clients. The virtual collaborative environment improving the cost-effectiveness, speed and quality of training for clinical research associates.



In June 2011, PPD was awarded a five-year contract worth up to \$45.5 million to provide global regulatory and bio-statistical services for Army-funded clinical development programs. PPD will ensure the Army complies with regulations in its clinical programs and will provide statistical consulting, study design and statistical analysis support. The Wilmington-based contract research

organization also will support the Army's biodefense, bio preparedness and vaccine development initiatives aimed at protecting military personnel.

In March 2014, PPD was one of five U.S. companies tapped to design and conduct clinical studies with a goal of protecting the U.S. population against bioterrorism, pandemic influenza and other potential health emergencies by the U. S. Department of Health and Human Services. The contract includes a minimum guarantee of \$400,000 over the initial two years which can be extended for up to a total of five years and a maximum of \$100 million.

Wilmington, NC is rapidly growing as a clinical research hub. According to the N.C. Biotechnology Center, the Wilmington area is home to a total of 70 companies such as AAIPharma, Modoc Research, Wilmington Pharmaceuticals and of course PPD in the clinical research cluster. Wilmington has more than 2,700 clinical research professionals and more than 20 CRO's of which 5 are headquartered in Wilmington. These businesses employ around 2,500 people. In addition this area has more than 100 active clinical studies and more than 36 supporting companies, including biostatisticians and medical device companies.

Commercial and Retail

Located on approximately 325 landscaped acres near the intersection of Eastwood Rd and Military Cutoff Roads, **Mayfaire Town Center** is celebrating 10 years of operation. Approximately 90% of the overall Mayfaire project is complete. The development consists of over 700,000 square feet retail and restaurant space. The total development is estimated at \$400 million. In May 2004, the Town Center portion of the project was opened with more than 386,000 square feet of restaurant and retail space. In September of 2007, Phase II, portions of Phase III and an 80,000 square-foot grocery-anchored retail center were opened, bringing the total to more than 650,000 square feet of retail and restaurant space. A 120-room Hilton Garden Inn opened in 2007 and a 118-room Homewood Suites opened in 2010. A 90,000 square foot professional office building opened in 2006 and has been programmed for future expansion.



The latest construction phase is Mayfaire Community Center Phase II; an additional 77,000 square feet of retail space that will be anchored by Dick's Sporting Goods. Construction of additional office buildings containing both traditional and medical office uses began construction in the Spring of 2012. A 36,300 square foot office building and a 34,300 square foot office building recently opened in 2014. The project also boasts a wide range of residential units, with 84 condominiums in mixed use buildings, 212 free-standing condominiums, more than 100 single family detached housing units in a neo-traditional setting a for-rent apartment component, and over 140 acres of open space.

Construction began in 2007 on a mixed use development known as **Autumn Hall**. The total development is estimated to have a value of \$420 million. The anticipated date of completion for the development is 2018. The original master plan included more than 200 acres and will have a wide range of residential, retail and office development. Residential construction included approximately 274 single family residential lots, 33 town homes, and 110 residential condominiums. Commercial space included 403,000 square feet of retail space, 355,000 square feet of office space, and a 135-room hotel. The development also provided 72 acres of common/open space. Approximately 94 single family home sites and approximately 131,000 square feet of office and commercial use, including Novant, a 40,000 square-foot medical office facility have been constructed. In 2011 a multifamily development consisting of a total of 286 residential units, pool, and open space went under construction and was completed in the Spring of 2013. Carolina Bay @ Autumn Hall, which consists of 51 condominium units, was completed in 2013. Phase II of Carolina Bay @ Autumn Hall, a continuing care retirement community with 122 multi-family units and a 100 bed assisted living facility is currently under construction.

Wilmington-based **Live Oak Bank's** corporate headquarters expansion is underway. Live Oak Bank ranks second in the nation in Small Business Administration 7(a) loans. Live Oak currently occupies a two-story, 34,000 square-foot facility opened in the summer of 2013. The new facility will expand its existing corporate space by 55,140 square feet on a neighboring 10.66-acre parcel within the Tiburon Office Park development. Live Oak Bank plans to add 120 jobs with an average annual wage of \$80,000 to its workforce within the next five years. Additionally, Live Oak Bank was listed number 126 out of the top 200 Healthiest Banks in America by DepositAccounts.com and was one of only three banks from North Carolina that made the 2014 list.

Next Glass, headquartered in Wilmington, was named a top global startup by the Wall Street Journal before an international audience of successful entrepreneurs and venture capitalists in October 2014 at the WSJDLive Conference "where the digital world connects". Next Glass is preparing to launch an app that will allow users to create personalize wine and beer preference profiles. Next Glass has analyzed thousands of wines and beers in lab space at UNCW's MARBIONC facility for the basis of the preference profiles.

A voluntarily annexation was approved in 2009 that brought approximately 1,358 acres into the City limits. The majority of the project, known as "**River Lights**," is zoned R-7(CD), Residential (Conditional District), and will contain a blend of single-family and multi-family residential units. The remaining land, which is zoned MX (Mixed Use) and concentrated along the Cape Fear River, will contain office and retail uses, as well as a marina. The project will provide connectivity to adjacent existing neighborhoods and includes a re-alignment of River Road. The developer will provide off-site traffic improvements including upgrades to Independence Boulevard and River Road. The applicant submitted a development agreement in conjunction with the re-zoning request. The agreement limits the development to a maximum of 2,290 residential dwelling units and also allows flexibility for the developer to transfer density within phases up to 25%. The developer will provide funding or property to the City of Wilmington Fire Department to extend fire protection services and also will dedicate land for public parks and funds for the New Hanover County school system. In March of 2013, the City approved amendments to the development agreement and modifications to the master plan. The modifications will allow the developer to construct a total of 2,790 residential units. In August 2014 the developer submitted plans to relocate River Road to an approximate three mile long road that will serve the property.

In May of 2013, the City Council rezoned a total of approximately 301.9 acres of property from Residential, R-15 and PD, Planned Development to O&I-1 Office and Institutional (CD), RD Regional Business (CD), CB Community Business (CD) and MF-M Multi-family Medium

Density (CD), (Conditional Districts) for mixed use development known as **Gallery Park**. The approved master plan is for 1,570,000 square feet of commercial space, 1,500,000 square feet of professional/medical office space and 1,375 dwelling units. In June 2014, the City received plans to develop approximately 27 acres of the site with 402 multi-family units. It is anticipated to take 20 years to construct Gallery Park.

On June 30, 2014, a 12.64 acre area, known as the **Galleria**, was deannexed from the Town of Wrightsville Beach and annexed into the City by the North Carolina General Assembly, through Session Law 2014-45, effective June 30, 2014. It is anticipated that a mixed use development consisting of residential, commercial, and office uses will be developed on the site.

Tourism

Tourism is the area's largest economic component in terms of employment and revenues. Nearby beaches, the historic river front area, and the USS North Carolina Battleship Memorial are attractions for tourism business. A variety of special events held year-round, such as the Azalea Festival and Riverfest, add to the area's appeal to tourists.

U.S.S. North Carolina (Battleship) is the centerpiece of the Wilmington Riverfront. A majestic symbol of this country's hard-earned naval victories in World War II and is the Memorial to the 10,000 North Carolinians of all the armed services who gave their lives during World War II. Commissioned in 1941, the 45,000-ton warship wields nine 16-inch turreted guns and carries nickel-steel hull armor 16 to 18 inches thick. The Battleship came to its present home in 1961. The public has access to more than nine decks including the crew's quarters, galley, sick bay, gun turrets, engine room, plotting rooms, radio central, the Admiral's Cabin, the bridge and combat central.



The Children's Museum occupies a 17,000 square foot facility, featuring twelve dynamic exhibits, an outdoor courtyard, a secret garden, a gift store and has over 51,000 visitors per year. This hands-on, learning-through-play museum offers something for children of all ages with all interests. Sail the seas as a pirate in Ahoy Wilmington!, climb on the new School Bus, examine your teeth in the ToothaSaurus Pediatric Dental Exhibit, perform examinations as a physician in the Teddy Bear Hospital, experiment in the Science Lab, sing and act in the Star Maker Sound Stage and make a masterpiece in the Art Studio.



The Cameron Art Museum occupies a 40,000 square foot facility on a 9.3 acre woodland park known as Pyramid Park, featuring long-leaf pine woodlands, outdoor sculptures, nature trails, a historic Civil War site and The Clay Studio housed in the Pancoe Art Education Center. The main museum building includes three exhibition areas, the Weyerhaeuser lecture and reception hall, a full service museum café and catering kitchen, a museum gift shop and free parking. The Cameron Art Museum is committed to arts education, and presents exhibitions and public programs of both historical and contemporary significance, with 6 to 8 changing exhibitions annually, in addition to outdoor, site-specific projects on its park property.



Cape Fear Museum established in 1898, is the oldest continuously operating museum of history in North Carolina. The skeleton of a 20 foot-tall Giant Ground Sloth greets visitors to the museum. The entire family can enjoy a miniature recreation of the second battle of Fort Fisher, a scale model of Civil War Wilmington's waterfront and the Michael Jordan Discovery Gallery and an interactive science exhibit for the entire family. Children's activities, concerts, special events and acclaimed touring exhibits help make the Museum one of the primary repositories of local lore with an extensive permanent collection of over 40,000 artifacts.



One of the venues for the screening of films is held at **Thalian Hall**, owned by the City and part of the City Hall since 1856. The City along with private donors funded a renovation that was completed in May 2010. Last year there were over 250 shows, plus events and films for a total of 495 performances, and these programs attracted audiences totaling more than 85,000 people. The events ranged from music to ballet and theatre, from pop, jazz, folk and country music to the finest in domestic, independent and foreign films. The Thalian Hall complex is the site of recitals, awards ceremonies, film festivals, lectures and charity events, and is "home" to a large number of theatre and performing companies, including By Chance Productions, Opera House Theatre, Thalian Association, Willis Richardson Players, Theatre Exchange and Stageworks Youth Theatre. Thalian Hall is an education center, with unique performances and programs attracting more than 10,000 school children each season. Thalian Hall is one of the most heavily utilized facilities of its kind in the nation and is an economic generator stimulating the local economy by more than \$2 million dollars annually.



The **Cucalorus Film Festival** (Cucalorus) is considered one of the region's premier cultural events drawing more than 10,000 visitors and screens over 150 films. The Brooks Institute named the Cucalorus as one of the "Top 10 Film Festivals in the United States" and Movie Maker Magazine included it in a list of the "Top 25 Coolest Film Festivals".

The **Wilmington Railroad Museum** has a great collection of displays and areas for children, which include, Thomas the Tank Train play area, more than 20 operating scale model trains, spectacular model layouts, a real life-size caboose, a boxcar and a 100-year-old steam locomotive.



The New Hanover County Tourism Development Authority (TDA) was established to expand the tourism industry and to maintain the health of the local economy. Funded in large part by the room occupancy tax discussed herein, the TDA serves as an umbrella organization representing all of the services available to a visitor within the area. The North Carolina Division of Travel and Tourism has estimated that in 2013, travel and tourism generated \$477.68 million. This number represents a 3.8% increase over 2012 revenues. New Hanover County ranks number eight among North Carolina's 100 counties in tourism expenditures.

State and local tax revenues from travel to New Hanover County in 2013 amounted to \$41.84 million. Travel generated \$105.41 million in payroll in 2013 and provided more than 5,400 jobs.

Film Industry

EUE/Screen Gems Studios completed Stage 10 in 2009, one of the largest sound stages in the world, with a 37,500 square-foot movie studio and 3,600 square-foot special effects water tank at an estimated value of \$15 million. It is the latest expansion to the largest film and television lot east of California and has resulted in Wilmington being name "Hollywood East". The filmmaking industry has been an important economic force in the City and the County since the construction of production facilities in 1983 by DEG Inc. Now owned by EUE/Screen Gems Studios, the 50 acre complex has a total of 150,000 square feet of clear-span production space located in ten existing stages ranging in size from 7,200 square feet to 37,500 square feet. The County continues to be one of the most productive and cost effective filmmaking destinations. From 1984 to present, the County has hosted more than 350 feature films, mini-series, "movies of the week," eight television series along with numerous commercials and music videos. Producers continue to utilize the available resources for filmmaking and it is expected that the studio will remain a popular facility in the State. As reported by the Star News in August 2013, for the first time in Hollywood East's history, Wilmington has spawned three No. 1 hits at the box office in one year with the release of "The Conjuring", "Iron Man 3" and "Safe Haven".

On October 27, 2011, EUE/Screen Gems Studios in Wilmington was selected as the host for the production of "Iron Man 3". The Motion Picture Association of America's CEO Chris Dodd and Executive Producers Charles Newirth praised the Wilmington-based men and women who had worked on the film. Mr. Newirth added that more than 700 vendors in 84 communities were tapped by the production while filming North Carolina.

The investment in Stage 10 as well as “the large local crew with experience handling five simultaneous productions” was a major factor. In a May 1, 2013 press release, EUE/Screen Gems Studios used all ten stages of the Wilmington, NC film and television complex in filming “Iron Man 3”. A new digital infrastructure designed for the complex needs of the production is now one of the best in the world and benefits current clients such as Stephen King and Steven Spielberg’s “Under the Dome”.

In addition to 150,000 square feet of column-free space, EUE/Screen Gems also offers production offices with modern communications, construction shops, wardrobe facilities and prop/set decoration warehouses. Film-related tenants on the lot include a law firm specializing in entertainment law, a film bonding company, editors, a sound recording studio and a casting company. EUE/Screen Gems is also one of the largest suppliers of lighting, electric and grip rentals in the Southeast with locations onsite in Wilmington, NC as well as in Atlanta, GA and Charleston, SC.

No single taxpayer comprises more than 1.7% of the total tax base providing further confirmation of the City’s diversity.

Top Ten Taxpayers		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 220,252,069	1.67 %
River Ventures LLC (PPD)	77,920,600	0.59
Progress Energy (CP&L)	57,510,780	0.44
Centro Independence LLC (mall)	54,078,800	0.41
GS II University Centre LLC	36,458,500	0.28
BellSouth Tel Co.	34,174,091	0.26
Wal Mart	33,015,922	0.25
Mayfaire Retail LLC	32,362,300	0.25
NNP IV Cape Fear River LLC	30,010,200	0.23
Aaipharma Services Corp	28,454,322	0.22
	<u>\$ 604,237,584</u>	<u>4.60 %</u>
Source: New Hanover County Tax Office		

HOSPITAL AND MEDICAL FACILITIES

New Hanover Regional Medical Center (NHRMC) is a teaching hospital and regional referral center and the tertiary care center for a seven-county area. NHRMC is one of 10 trauma centers in the state certified at Level II or above and is one of only two cardiac centers of excellence east of Interstate 40. NHRMC is home to the region’s first Level III, Neonatal Intensive Care Unit (NICU), and has a *da Vinci*® Surgical System, which is a state-of-the-art robotic platform for

surgeons. NHRMC continues to expand its services and is southeastern North Carolina's leading health-care provider with over 5,200 employees. NHRMC also creates another 6,000 jobs indirectly. NHRMC's Zimmer Cancer Center has distinction attained by just 25% of the nation's hospitals: certification as a teaching cancer hospital by the Commission on Cancer of the American College of Surgeons. The nine floor inpatient tower was completely renovated and converted to almost all private rooms as of December 2010. A new 186,500 square-foot surgical pavilion on the main campus began taking patients in June 2008 and features 26 operating rooms and 76 recovery rooms. In May 2013, the Port City Daily news reported that NHRMC has become North Carolina's first hospital to earn all three "gold" awards offered by a group focused on the health of hospital employees. NC Prevention Partners recognized NHRMC as having achieved the "highest standard of excellence for comprehensive wellness programs offered to their employees in the areas of physical activity, nutrition and tobacco-free environments". In June 2013, NHRMC proposed a project to open a satellite emergency department and to move one of its existing outpatient offices. Pending approval, the project estimated at \$15 million is expected to be completed by October 2015. According to an NHRMC spokesperson, the plans include construction of a 30,000 square-foot medical facility in northern New Hanover County. The facility would house 10 treatment rooms and one critical care room.



In a September 2013 news release, it was announced that NHRMC, Wilmington Health and Blue Cross Blue Shield North Carolina (BCBSNC) are launching the first Accountable Care Alliance to enhance care and provide greater value for health care consumers in Southeastern North Carolina. The first of its kind in North Carolina, this unique collaboration brings together a leading hospital system, independent multi-specialty clinics and an insurer to better meet the health care needs of patients.

Wilmington Health is the largest private, fully integrated, multi-specialty medical group practice in the area with over 20 locations (including Convenient Care and Urgent Care). Wilmington Health has provided premier healthcare to the residents of Southeastern North Carolina for over 40 years.

BCBSNC is a leader in delivering innovative health care products, services and information to more than 3.74 million members, including approximately 1 million served on behalf of other Blue Plans. BCBSNC was recognized as one of the World's Most Ethical Companies by Ethisphere Institute in 2012 and 2013.

TRANSPORTATION

The Road System

The City is served by Interstate 40, U.S. highways 17, 117, 74, 76 and 421 and by North Carolina Highways 132 and 133. These highways connect the area to the major cities in North Carolina, South Carolina and Virginia.

Ground Based Freight and Mass Transit

Other transportation resources in the City include the CSX Rail Transport Group which provides rail freight service in the area with one scheduled train daily. Local bus service is provided by the Cape Fear Public Transportation Authority, which operates as Wave Transit. The Cape Fear Public Transportation Authority is governed by an eleven-member board with five members appointed by the Wilmington City Council, five members appointed by the County and one member jointly appointed by the City and the County. A private management firm operates a system of ten routes, the UNCW Shuttle service and the historic downtown trolley. The City's operating subsidy to the Wave Transit system is \$1,285,000 for fiscal year ending June 30, 2014. There was no capital subsidy for the current fiscal year. The City's operating subsidy for operations is approximately 15% of the current year's transit budget. There are also approximately 55 trucking companies serving the greater Wilmington area.

The State Port

Since 2012, Logistics Management magazine has named North Carolina's Port of Wilmington in the top 20 on its list of U.S. Ports. The City's location affords industries equal accessibility to major markets to the north and south. The Port of Wilmington, located in the City on the east bank of the Cape Fear River, is one of two deep water harbors in the State. The Port handled 3,633,028 tons of cargo for the fiscal year ended June 30, 2014, a decrease of 31.67% over 2013. During the first quarter of 2015 the Port saw a 2.75% increase over 2014. The Port of Wilmington has ample capacity to support today's cargo volumes and continues to invest in expanding the facility to meet projected growth in international trade, with a major expansion project currently under way. An aggressive capital program has positioned the Port of Wilmington in a new class of service to the maritime transportation industry.



A 42-foot navigational channel offers customers additional vessel capacity. Readily available modern transit and warehouse facilities, new state-of-the-art Panamax container cranes and support equipment, and the latest in cargo management technology provide a broad platform for supporting international trade to the fast-growing Southeast U.S. market. Recent and ongoing improvements to regional and national highway networks make surface transportation supporting the Port of Wilmington superior to neighboring ports. CSX Transportation provides daily service for boxcar, tanker and general cargo services. In June 2013, the NC Council of State approved a proposed 21-year lease with Enviva Holdings for the construction of a \$35 million wood-pellet storage and shipping facility at the Port. Enviva would build two storage domes, a rail car unloading station, ship loader and conveyor system at the Port. The biomass fuel export facility (wood-pellet) would ship as much as 1 million metric tons of pellets a year from forests in southeastern North Carolina starting in January 2015.

Wilmington International Airport

The Wilmington International Airport, a component unit of New Hanover County (the “Airport”) is operated by the New Hanover County Airport Authority. The Airport is the 4th largest in the State. In calendar year 2013, the Airport served 802,744 passengers, an increase of 6,832 or .86% over 2012. In calendar year 2014 through October the Airport saw a decrease of 25,425 passengers or 3.76%. Two commercial airlines; American Airlines/US Airways and Delta provide regular jet and commuter service, offering direct (non-stop) service to four major cities: Atlanta, Charlotte, New York and Philadelphia and one-stop connections to hundreds of destinations both domestic and international. The Airport is a U.S. Customs and Border Protection General Aviation International Clearance Facility. This 13,500 square-foot facility processes commercial and general aviation public passengers entering and exiting the United States.

EDUCATION

The University of North Carolina at Wilmington (UNCW), also located within the City, was founded as Wilmington College in 1947 and designated as the 6th university in the University of North Carolina System (UNC) in 1969. UNCW is the only public university in southeastern North Carolina. Expanding from three buildings in 1961 to more than 90 today, the campus still reflects the Georgian style of architecture that has made the institution one of the most attractive in the State of North Carolina. UNCW manages the nation’s only underwater ocean laboratory, Aquarius, owned by NOAA and located in the Florida Keys National Marine Sanctuary.

UNCW is a comprehensive level I university in the 16-campus University of North Carolina System. It is accredited by the Southern Association of Colleges and Schools and offers 55 bachelor’s degrees in 49 majors, 42 master’s degrees, and 2 Doctoral programs. UNCW is funded with State appropriations and receives federal funds for research and financial aid programs. UNCW had a fall 2014 enrollment of 14,611 full-time-equivalent undergraduate and graduate students.



UNCW has maintained its top 15 ranking as one of the best overall universities in the South, as well as its top 10 ranking as one of the best “public” institutions in the South according to *U.S. News and World Report*. UNCW has been named one of the “Best in the Southeast” on Princeton Review’s “2014 Best Colleges Region by Region” list and also made the list for “Best 297 Business Schools”.

Cape Fear Community College (CFCC) was founded in 1958 and is accredited by the Commission of Colleges of the Southern Association of Colleges and Schools. CFCC's main campus is located in historic downtown Wilmington on the banks of the Cape Fear River. There is also a north campus in north New Hanover County. CFCC is the 6th largest school of the 58 colleges within the North Carolina Department of Community Colleges System. CFCC offers 60 academic programs that lead to a two-year degree, one year diploma or certificate. These programs include college transfer, technical and vocational programs that serves over 28,000 students every year. CFCC's enrollment in credit programs is 9,300 part-time and full-time equivalent students. Over 9,000 students registered for fall 2014 classes. CFCC has 587 full-time employees and employs 600-800 part-time employees at various times throughout the year. CFCC offers hundreds of continuing education courses as well. Free programs include basic skills, adult literacy, GED preparation and job skills to name a few. CFCC's Small Business Center offers free seminars for entrepreneurs and small business as well as free business counseling services. CFCC purchased a research vessel in the CFCC's Marine Technology Program in the fall of 2013 and set off on its inaugural training cruise on September 9, 2013. The research vessel was acquired utilizing state equipment funds, institutional funds and private donations from the CFCC Foundation. Funding for CFCC is provided through the County, State and Federal governments.

CFCC's new Union Station opened August 16, 2013. The Union Station project was the first building funded by the \$164 million bond referendum passed by New Hanover County voters in November 2008. The bond funds are being spent locally to provide more job training opportunities for the community. Union Station is located at the corner of Front and Red Cross Street. The 250,000 square-foot building features more classrooms for general college classes, expanded health care training labs, a simulated operating room and hospital setting to train future health care workers, student services center and a new parking deck. During 2014, construction commenced on the Fine Arts Center which will include a 1,500-seat auditorium.



Union Station

LONG-TERM FINANCIAL PLANNING

The City seeks to consistently maintain a strong financial position as evidenced by its AA+/AAA/Aa1 by Fitch, Standard and Poor's and Moody's respectively. This objective requires regular long-term planning of operating and capital requirements for its major general government and enterprise programs. In doing so, the City relies on key financial policies and procedures for dealing with future events in financially responsible ways.

Annually the City adopts a 5-year Capital Improvement Program (CIP) that looks ahead to project and plan for capital needs addressing both project needs and financial strategy. Major areas covered by the CIP are transportation, parks, storm water utility, downtown infrastructure improvements and general public improvements. In Fiscal Year 2013, a five year budget plan was adopted that established a 5 cents property tax set aside which funds 80% debt service and 20% pay-go for the \$41.1 million of new tax-supported projects in the CIP.

A key financial goal of the City for many years has been the maintenance of an unassigned General Fund balance of at least equal to or greater than 15% to 20% of the total annual operating budget of the General Fund. In addition, the City has desired to appropriate a consistent level of fund balance each year resulting from positive budget variances. These goals are met in the fiscal year 2014 results that are built into the 2014-2015 operating budgets. A number of financial models are also used in the budget process and provide a means of projecting long-term resource requirements. These include a debt model, a parking fund model, a cash flow model, rate sensitivity analyses and financing pro formas. Other practices followed are designed to avoid the meeting of recurring expense needs with one-time revenue resources and to ensure an ongoing mix of pay-as-you-go funding of capital needs with long-term debt.

MAJOR INITIATIVES

Public Facilities

The Wilmington Convention Center (Center) Complex offers a prime new coastal choice to conventions in North Carolina with a view of the Cape Fear River and north end of Wilmington's historic downtown district.

On November 11, 2010, construction was completed by J M Thompson Company and the first event took place on November 13, 2010. The grand opening of the center was January 13, 2011



The Center's operation includes over 107,000 square feet of function space, an adjacent Event Lawn and an attached 578 space Parking Deck. The Center's main service feature is the food & beverage operation; SAVOR...Catering by SMG, which has set the new standard for quality in catering and service in this region

So far through October 2014, the Center has more than 136 events tentatively or definitely booked, including 9 conventions. The annual number of attendees is projected to be 75,200 for 2015.

Convention Center					2014 vs. 2013 %
Event Types	FYE 2011 (a)	FYE 2012	FYE 2013	FYE 2014	Growth
Convention/TS/Conference	7	9	8	14	75.00%
Public Shows	11	12	14	16	14.29%
Meetings/Other	19	32	37	25	-32.43%
Banquets	36	60	83	64	-22.89%
TOTALS	73	113	142	119	-16.20%
Attendance	45,616	66,400	80,104	73,423	-8.34%
Total Room Nights	3,068	3,774	5,731	9,128	59.27%
Repeat Users	-	17	77	46	-40.26%
(a) 1st Year of Operation November 2010 - June 30, 2011					
Sources: Wilmington Convention Center					

In the meetings and banquets and repeat users categories fewer events occurred in FY 2014 due to one or more of the following reasons:

- 1) Seven less Military Banquets booked than the prior year.
- 2) One customer in 2013 held 14 small luncheon events (60 or less people) which impacted the event and repeat customer statistics.
- 3) Date or space not available.
- 4) Lack of a headquarter hotel adjacent to the Convention Center continues to hinder attracting events that want bookings “under one roof”.

In the convention and public shows categories the Convention Center had the highest number booked since opening in FY 2011; and represented 75% and 14% growth respectively. These two factors also impacted the hotel room nights booked and resulted in 59% growth.



Photo courtesy of © Mark Herboth Photography



Significant features are the Center’s dramatic interior design with red cedar walls and ceilings, reminiscent of its historic regional use in boat building. The Center also features enhanced

specialty lighting as well as a maritime themed photo and art display which reflects the historical local imagery and industry from our past that shaped Wilmington's future. The Center's fine business reputation is on the rise in the association industry as a premium choice for conventions and meetings. The Center has earned a number of awards since opening, including the Convention South 2011 New & Renovated Meeting Site Readers Choice Award. The Center is also LEED certified, meaning it is a "green" or environmentally-friendly building.

The initial budget and anticipated cost of the facility was \$56.6 million, including the parking deck and reimbursement for the cost of land. The estimated final cost of the facility is expected to be approximately \$51.8 million.

Water and Sewer Consolidation

In September 2005, a resolution was concurrently approved by the Wilmington City Council and the New Hanover County Commissioners declaring the intention of the two bodies to form a separate authority to consolidate water and sewer operations. In June of 2006, the two bodies created a Water Sewer Advisory Committee to guide the consolidation effort. In May 2007, the Wilmington City Council and the New Hanover County Commissioners each adopted resolutions creating a water and sewer authority to consolidate the water and sewer systems of the City, the County and the New Hanover Water and Sewer District (the "District"). The articles of incorporation for the Cape Fear Public Utility Authority (the "Authority") were approved by the State of North Carolina on July 2, 2007. An interlocal transition and operating agreement was approved by the City, the County and the Authority in January, 2008. This agreement provided for the transfer of the water and sewer assets and liabilities of the City, the County and the District to the Authority. This transfer took place on July 1, 2008.

Private Facilities

The Sidbury - located at 7205, 7215 & 7225 Wrightsville Avenue, was approved for construction in June of 2011. The project consists of three 4-story buildings that include 102 residential units, 15,750 sq ft of retail space and 13,200 square feet of office space. The applicant will use low impact development techniques and utilize underneath building parking areas to minimize impervious surfaces. A request for a special use permit was submitted in October of 2012 to increase the height of one of the buildings from 45 feet to 50 feet. It is anticipated the development will be completed by Spring 2015.

Courtyard by Marriott - a 124-room hotel with a construction cost of \$14 million. This hotel, located at the corner of 2nd and Grace Streets, opened in early 2014. The hotel features meeting spaces as well as a street-level Starbucks and an internal bistro. Thirty permanent positions at the hotel are expected for normal hotel operations.

Amberleigh Shores - a 282-unit multifamily development, was approved by the City in July 2012. This project received its Certificate of Occupancy in 2014 and is currently occupied.

Hotel Indigo - a 10-story, 125-room hotel is currently being reviewed by City staff. This hotel site is located in the central business district and is bounded by Hanover Street, Nutt Street, and North Front Street. The city approved the project in August 2013, but construction has not started.

Fairfield Meridian - located at 4625 Fairview Drive in the Fairfield Park development, consists of 241 high-end multifamily units. This development is currently under review by the City.

Embassy Suites - a 186-room hotel adjacent to the City of Wilmington Convention Center, is currently under review by the City.

Progress 910 - a 204 unit multi-family development with recreational amenities, was approved by the City in December 2013 and is currently under construction.

101 North 3rd Street Office Building: a five-story, 69,908 square-foot professional office building with retail/restaurant space available located at 101 North 3rd Street. The site is zoned CBD, Central Business District. The site is currently under construction.

Sawmill Pointe: a 278-unit residential development located at 1015 Nutt Street, adjacent to and south of the Isabel Holmes Bridge. The site is approximately 11.13 acres in size, is currently vacant, and is zoned CBD, Central Business District. The four-story complex would total approximately 330,000 square feet. The developer also proposes a parking structure with 335 parking spaces that would be hidden by the proposed building on all three sides. Amenities proposed for the development include a swimming pool and access to the existing boat slips constructed by a previous property owner. The developer also plans to provide pedestrian linkage to the River walk and the new city park immediately to the south. The project is currently under review by the city.

The Forks Subdivision is a 133-unit planned unit development residential subdivision approved by City Council on March 5, 2014. The subject property is located on the east side of 17th Street between Museum Drive and George Anderson Drive. The site is zoned R-15, Residential. A total of 133 residential units with 51 single-family detached lots and 82 attached single-family lots. The project is currently under review by the city.

Progress 910 apartments, located off of Randall Parkway is a 168-unit multifamily development with 48, two bedroom units; 48, three bedroom units; and 72, four bedroom units. City Council rezoned the 16-acre subject property from IND, Industrial to MF-M (CD), Multifamily, Medium Density in September 2013. The development is currently under construction, and it is anticipated it will be open by late Summer of 2014.

Fairfield Meridian Multifamily development, located off of Carolina Beach in the Fairfield Park Mixed Use development, is a 240-unit multifamily development with comprising two, three-story buildings and a 4,900 square foot club house, with a swimming pool and other amenities. A total of 136, one bedroom units, 97, two-bedroom units, and 8, three-bedroom units are proposed. Additional phases of the development would include up to 40,000 square feet of commercial/retail use in neighboring buildings. The project is currently under review by the city.

Live Oak Bank Phase II: a 55,140 square-foot professional office and banking development is under construction at 1757 Tiburon Drive. The site is approximately 10.66 acres in size and is adjacent to the corporate headquarters of Live Oak Bank, a 34,000 square-foot office building.

Springhill Suites, a 120-room hotel totaling 66,738 square feet on 1.98 of acres. This project has been approved by the city, but construction has not commenced.

Holiday Inn Express on Grace: a 92-room hotel development located at 225 Grace Street. The site is approximately 0.41 of an acre in size and is located in the Central Business District. Approval is anticipated for the Winter of 2014 with a construction start towards the beginning of 2015.